

E-002/C-90-531 ORDER CONSTRUING TARIFF, REQUIRING NEW TARIFF
FILING, AND REQUIRING REMEDIAL PROCEDURES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
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Commissioner

In the Matter of the Complaint
of James Kruger Regarding
Northern States Power Company's
Charges for Residential Service
Extension

ISSUE DATE: December 3, 1990

DOCKET NO. E-002/C-90-531

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PROCEDURAL HISTORY

On May 18, 1990, James Kruger filed a complaint against Northern States Power Company (NSP or the Company) challenging the Company's authority to charge him \$4,950 to extend electric service to his new home. On May 23, 1990, the Company filed a reply claiming the charge was proper under its service extension tariff. That tariff required individual customers to pay the costs of new service extensions exceeding 100 feet.

In subsequent meetings involving complainant, the Company, and Commission staff, errors in the calculation of Mr. Kruger's service extension charges were discovered. The Company's final calculation of those charges was \$3,810. Mr. Kruger continued to challenge the Company's application of the tariff, particularly its inclusion of \$510 in future operation and maintenance expenses.

On September 20, 1990, the Department of Public Service (the Department) filed comments supporting the Company's interpretation of its service extension tariff. The Department also stated it supported charging individual customers the costs of unusually long service extensions. Finally, the Department identified several generic service extension issues the Commission might wish to investigate in a generic investigatory docket.

The matter came before the Commission on November 7, 1990.

FINDINGS AND CONCLUSIONS

Proper Application of the Tariff; Need for Clarification

Under normal circumstances, it is NSP's policy to install new residential electric service up to 100 feet from existing facilities without separate charge. When extensions exceed 100 feet, the Company charges customers the cost difference between their extensions and extensions of 100 feet. The issue here is whether that cost difference should include the future costs of operating and maintaining the portion of the extension exceeding 100 feet. The Commission agrees with the Company that its tariff allows recovery of future operating and maintenance expenses and that such recovery is proper.

The Company's service extension tariff is not a model of clarity. The Commission believes, however, that it does support the recovery of future operation and maintenance expenses for residential service extensions over 100 feet. The applicable portions of the tariff provide as follows:

If requested by the Company, the customer shall execute an agreement or service form pertaining to the installation, operation and maintenance of the facilities.

Electric Rate Book, STANDARD INSTALLATION AND EXTENSION RULES, Section 5.1.A.

This portion of the tariff indicates that customers requiring service extensions subject to special conditions may be required to pay the costs of operating and maintaining such extensions. Similarly, the tariff provides that the Company, in determining whether a special extension charge will apply,

. . . will take into consideration the total cost of serving the applicant and will apply the general principle that the rendering of service to the applicant will not cast an undue burden on other customers.

Electric Rate Book, STANDARD INSTALLATION AND EXTENSION RULES, Section 5.2.

The total cost of serving the applicant is described elsewhere in the tariff as follows:

The Company's costs are all direct and indirect expenses, including material, labor, overheads and applicable taxes, incurred by the Company due to such an installation as determined by allocations under the Company's usual accounting methods.

The Company will install, own and maintain on an individual basis the distribution facilities necessary to provide permanent service.

Electric Rate Book, STANDARD INSTALLATION AND EXTENSION RULES, Section 5.1.A.

This portion of the tariff makes it clear that part of the cost of providing service is operating and maintaining the line(s) and other equipment necessary to provide service. The Commission concludes that the language of the tariff allows recovery of the cost of operating and maintaining the distribution facilities necessary to provide service more than 100 feet from existing Company facilities.

The tariff could and should be clearer, however. Under Minn. Stat. § 216B.05 (1990) tariffs must be on file with the Commission and open for public inspection at the utility's offices. The assumption is that tariffs will be clear and understandable to the general public. This tariff does not meet that standard, and the Commission will require the Company to file a revised tariff that does.

Remedial Action

Events in this case make it clear that NSP field personnel do not always understand and apply the Company's service extension tariff correctly. In this case, careful review of Mr. Kruger's service extension charges reduced them from \$4,950 to \$3,810. It is also clear that the Company's service extension policies were not explained to Mr. Kruger in sufficient detail. It is important for the Company to establish procedures to ensure that all customers requiring lengthy service extensions understand the Company's service extension policies and for those policies to be consistently applied.

The Commission will therefore require the Company to provide its field personnel with remedial training in the application of its service extension tariff, to develop standard forms for use in calculating service extension charges, and to develop standard customer information materials explaining the application of the tariff.

Generic Issues

In its comments the Department identified several generic service extension issues the Commission might wish to investigate on an industry-wide basis. The Commission agrees with the Department that these and similar issues merit further examination and will initiate an investigation by separate Order.

ORDER

1. The Commission finds that the Company's calculation of \$3,810 in service extension charges in this case is correct under its tariff.
2. Within 20 days of the date of this Order the Company shall file a revised service extension tariff in clear and understandable language and format.
3. Within 20 days of approval of the revised service extension tariff the Company shall make a filing setting forth its plans to provide its field personnel with remedial training in the application of its service extension tariff, to develop standard forms for use in calculating service extension charges, and to develop standard customer information materials explaining the application of the tariff.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)